

FISCAL MEMORANDUM

HB 2296 – SB 2198

June 7, 2007

SUMMARY OF AMENDMENT (009992): Deletes the language of the original bill. Enacts the “Local Tourism Development Zone Business Tax Act.” Authorizes local governments to levy an additional privilege tax not to exceed 5.0% of the sales price on certain goods and services sold within either (1) a qualified public use facility (QPUF), (2) a portion of any such QPUF, or a local tourism development zone (TDZ) outside the QPUF, for the purpose of paying debt incurred on any such QPUF. Such additional tax would require either (1) the passage of a local ordinance by two-thirds vote at two consecutive, regularly scheduled meetings, or (2) approval by a majority of the number of qualified voters of the municipality. Creates the Qualified Public Use Facility Development Fund (QPUFDF) for which revenue generated by the additional privilege tax shall be deposited and used to pay debt incurred on any such QPUF constructed; remaining revenue shall be deposited to the general fund of the municipality.

FISCAL IMPACT OF ORIGINAL BILL:

State Revenues – Net Impact – Not Significant

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Increase Local Govt. Revenues – Exceeds \$1,000,000 / Permissive
Increase Local Govt. Expenditures – Exceeds \$100,000 / Permissive

Assumptions applied to amendment:


- The fiscal impact of this bill as amended is dependent upon multiple unknown factors such as (1) the number of local governments that will pass ordinances allowing the levy of such tax, (2) the extent of the tax passed and levied, (3) the extent of taxable sales that will occur in qualified public use facilities and/or within the local tourism development zones, and (4) the extent of debt incurred for any such qualified public use facility as a result of this legislation.
- Due to multiple unknown factors, a precise estimate for the local impact of this bill as amended cannot be determined. However, local government revenues are reasonably estimated to increase by an amount exceeding \$1,000,000 per year as a result of the new local privilege tax.

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- All persons, entities, or businesses required to pay any such additional local privilege tax shall file monthly returns and remittances with their respective county clerk offices.
- Due to additional responsibilities, county clerk offices will require additional resources to handle the influx of new returns and remittances. Such increase to local government expenditures is reasonably estimated to exceed \$100,000 per year.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director

/rnc